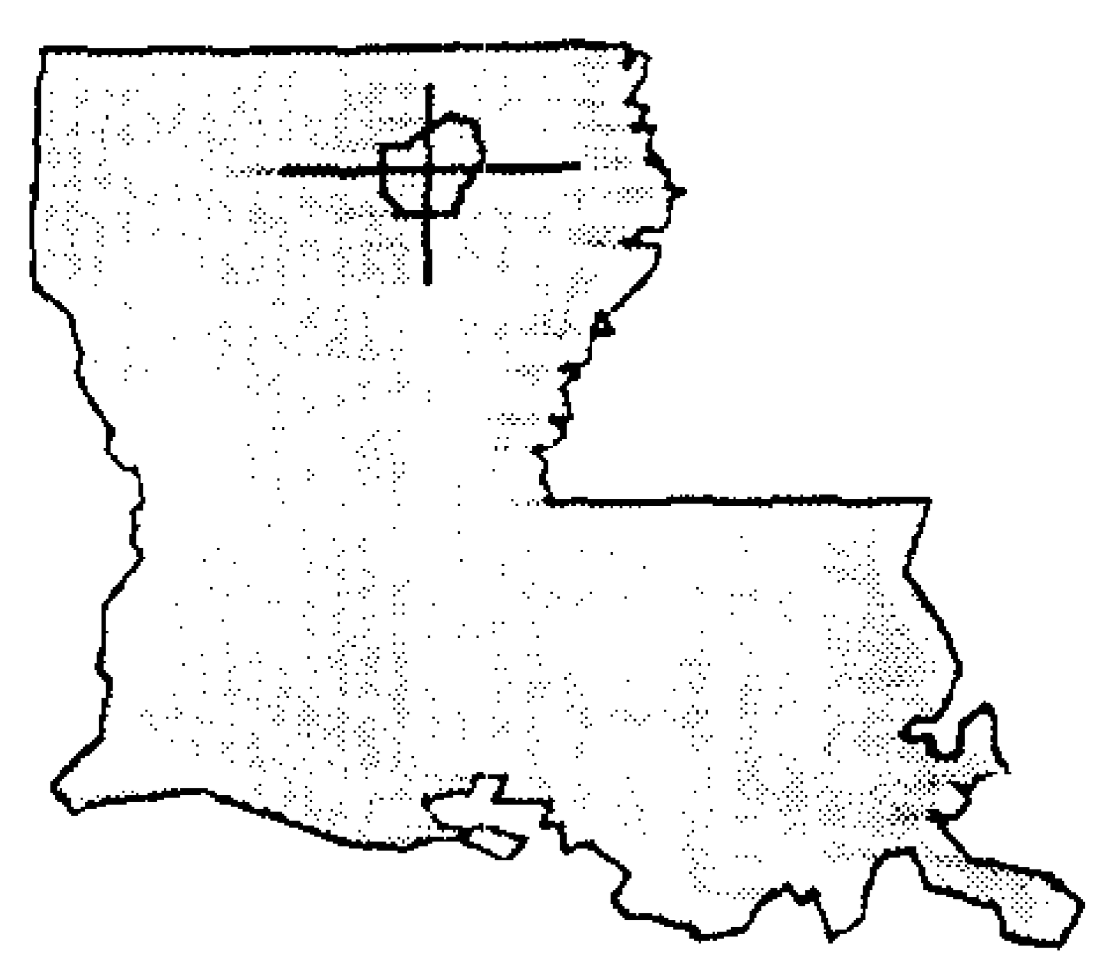
OUACHITA ENTERPRISE CORPORATION

Financial Statements
For the Years Ended December 31, 1995 and 1994



OUACHITA ENTERPRISE CORPORATION

DECEMBER 31, 1995 AND 1994

INDEX

LUFFEY, HUFFMAN & MONROE
Certified Public Accountants
P.O. BOX 4745   *1100 NORTH 18TH STREET*
MONROE, LOUISIANA 71211-4745

TELEPHONE (318) 387-2672
FAX (318) 322-8866

INDEPENDENT AUDITORS' REPORT

Board of Directors
Ouachita Enterprise Corporation
Monroe, Louisiana

We have audited the accompanying balance sheets of **Ouachita Enterprise Corporation** (the Corporation) as of December 31, 1995 and 1994 and the related statements of revenues, expenses, and changes in fund balance and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation at December 31, 1995 and 1994 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 16, 1996 on our consideration of the Corporation's internal control structure and a report dated April 16, 1996 on its compliance with laws and regulations.

Luffey, Huffman + Monroe

Monroe, Louisiana
April 16, 1996

OUACHITA ENTERPRISE CORPORATION
BALANCE SHEETS

	December 31, 1995	December 31, 1994
ASSETS		
Current Assets		
Unrestricted Cash	$ 66,403	$ 87,321
Restricted Cash	0	5,902
Accounts Receivable	54,157	52,076
Prepaid Expenses	1,267	1,395
Total Current Assets	121,827	146,694
Furniture and Equipment		
Furniture and Equipment	26,580	25,986
Less: Accumulated Depreciation	(15,108)	(11,372)
Net Furniture and Equipment	11,472	14,614
Other Assets		
Security Deposits	400	400
TOTAL ASSETS	$ 133,699	$ 161,708
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accounts Payable	$ 4,611	$ 1,972
Payroll Taxes Payable	18,083	5,894
Total Current Liabilities	22,694	7,866
Fund Balance		
Reserved	0	5,902
Unreserved	111,005	147,940
Total Fund Balance	111,005	153,842
TOTAL LIABILITIES AND FUND BALANCE	$ 133,699	$ 161,708

The accompanying notes are an integral part of these statements.

OUACHITA ENTERPRISE CORPORATION
STATEMENTS OF SUPPORT AND REVENUE, EXPENSES, AND CHANGES IN FUND BALANCE

	Years Ended December 31, 1995	1994
Revenues		
City of Monroe	$ 100,000	$ 100,000
Ouachita Parish Police Jury	50,000	50,000
City of West Monroe	25,000	25,000
Miscellaneous Income	10,098	3,000
Interest Income	1,615	2,359
Total Revenues	186,713	180,359
Expenses		
Auto Insurance	2,029	1,719
Auto Lease	4,635	4,640
Car Allowance	2,400	2,400
Community Development	19,085	16,032
Depreciation	3,736	3,810
Dr. Wall Study	3,200	7,635
Dues and Subscriptions	2,438	3,282
Equipment Maintenance	680	1,075
Industrial Prospecting	2,912	9,867
Industry Appreciation Committee	4,471	2,863
Health Insurance	4,264	6,089
Workers Compensation Insurance	1,652	1,680
Legal and Professional	2,178	2,023
Meetings	6,152	7,724
Miscellaneous	3,297	2,668
Office Supplies	11,610	10,740
Penalties	5,679	0
Postage	4,247	4,833
Rent	5,100	9,350
Salaries and Payroll Taxes	113,313	94,985
Schools	5,001	1,990
Telephone	15,162	14,889
Travel	6,309	11,002
Total Expenses	229,550	221,296
Deficiency of Revenues Over Expenses	(42,837)	(40,937)
Fund Balance at Beginning of Year	153,842	194,779
FUND BALANCE AT END OF YEAR	$ 111,005	$ 153,842

The accompanying notes are an integral part of these statements.

OUACHITA ENTERPRISE CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 1995	1994
Cash Flows From Operating Activities		
Deficiency of Revenues Over Expenses	$ (42,837)	$ (40,937)
Adjustments to Reconcile Deficiency of Revenues Over Expenses to Cash Used by Operating Activities:		
Depreciation	3,736	3,810
(Increase) Decrease in Accounts Receivable	(2,081)	37,924
(Increase) Decrease in Prepaid Expenses	128	(130)
Increase (Decrease) in Accounts Payable	2,639	(2,432)
Increase (Decrease) in Payroll Taxes Payable	12,189	(1,911)
Total Adjustments	16,611	37,261
Net Cash Used by Operating Activities	(26,226)	(3,676)
Cash Flows From Investing Activities		
Equipment Purchases	(594)	(5,712)
Net Cash Used by Investing Activities	(594)	(5,712)
Net Decrease in Cash	(26,820)	(9,388)
Cash at Beginning of Year	93,223	102,611
CASH AT END OF YEAR	$ 66,403	$ 93,223

CASH AT END OF YEAR SHOWN ON BALANCE SHEET AS:

	1995	1994
Unrestricted Cash	$ 66,403	$ 87,321
Restricted Cash	0	5,902
TOTAL CASH AT END OF YEAR	$ 66,403	$ 93,223

The accompanying notes are an integral part of these statements.

OUACHITA ENTERPRISE CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1995 AND 1994

Note 1 - Summary of Significant Accounting Policies

Organization

The Ouachita Enterprise Corporation (the Corporation) is a non-profit organization which was incorporated on April 26, 1989 for the purpose of "promoting the Parish of Ouachita and further to promote and develop economic development in the Parish of Ouachita."

Basis of Accounting

The financial statements of the Corporation are presented on the accrual basis of accounting. The significant accounting policies followed by the Corporation are described below to enhance the usefulness of the financial statements to the reader.

Revenue Recognition

Support from local governmental entities is paid throughout each entity's fiscal year. It is the Corporation's policy to recognize this support in the period declared.

Furniture and Equipment

Furniture and equipment are stated at cost if purchased or estimated fair market value if donated. Expenditures for maintenance and repairs are charged to expense. Renewals and betterments that materially extend the life of the assets are capitalized. Depreciation is computed for financial statement purposes on the straight-line basis over the estimated useful lives of the related assets which are generally eight years.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Corporation is a non-profit corporation exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code.

OUACHITA ENTERPRISE CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1995 AND 1994

Note 1 - *Summary of Significant Accounting Policies (continued)*

Accounting Pronouncements

In June 1993, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made* and No. 117, *Financial Statements of Not-for-Profit Organizations*. The Corporation will adopt these standards effective January 1, 1996. Neither are expected to have a material impact on the Corporation's financial statements.

Note 2 - Restricted Cash

Restricted cash represents monies received from Entergy Corporation during 1992. During 1995, Entergy Corporation approved the use of these monies to help fund an economic development consulting project.

Note 3 - Accounts Receivable

Accounts receivable consist of the following:

	December 31, 1995	December 31, 1994
City of Monroe	$ 33,335	$ 33,333
City of West Monroe	12,496	14,580
Ouachita Parish Police Jury	8,326	4,163
TOTAL ACCOUNTS RECEIVABLE	$ 54,157	$ 52,076

Note 4 - *Operating Leases*

At December 31, 1995, the Corporation leased office space and a vehicle under noncancelable operating leases. As consideration for relocating its office, rent under the office space lease was waived for July through December, 1995. Future minimum lease payments under these leases are $13,264 in 1996 and $850 in 1997.

LUFFEY, HUFFMAN & MONROE
Certified Public Accountants
P.O. BOX 4745 1100 NORTH 18TH STREET
MONROE, LOUISIANA 71211-4745

TELEPHONE (318) 387-2672
FAX (318) 322-8866

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ouachita Enterprise Corporation
Monroe, Louisiana

We have audited the financial statements of **Ouachita Enterprise Corporation** (the Corporation) as of and for the years ended December 31, 1995 and 1994, and have issued our report thereon dated April 16, 1996.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Corporation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Corporation for the years ended December 31, 1995 and 1994, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they had been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Payroll Taxes

Finding

We noted several payroll tax returns were not filed in accordance with statutory requirements. Additionally, required deposits of payroll tax withholdings were frequently insufficient in amount or were made after the required date. The Corporation began processing its payroll internally in 1995, and this finding appears to be the result of accounting personnel not having a complete understanding of payroll tax requirements.

Recommendation

Management should provide the necessary training to personnel responsible for filing payroll tax returns and depositing payroll tax withholdings and should provide greater supervision to ensure that statutory requirements are being met on a timely basis. If this is not deemed feasible, we recommend outsourcing these responsibilities to a capable third party.

Response

Management has determined the most prudent use of its human resources requires outsourcing its accounting function, including preparing payroll tax returns. The services of Luffey, Huffman, and Monroe, Certified Public Accountants, have been retained for this purpose beginning April, 1996.

Bank Statements

Finding

In obtaining an understanding of the internal control structure, we noted that a single individual is responsible for preparing checks, recording disbursements in the accounting records, and reconciling the bank statement. This significant conflict in accounting duties is a result of the small staff size and is somewhat mitigated by separate check signing responsibilities. However, the exposure to irregularities relating to disbursements is still significant.

Recommendation

The control risk resulting from the lack of adequate segregation of duties can be significantly reduced through greater management supervision. Specifically, we recommend that an individual with check signing authority receive the unopened bank statements each month and perform a thorough review of the cleared checks and other bank account activity.

Response

The staff will continue to open all mail except for the bank statements. The unopened bank statements will be forwarded to the President immediately upon receipt for his review.

* * * * * *

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to an acceptably low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable conditions described above to be material weaknesses. These conditions were considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of the Corporation for the year ended December 31, 1995.

This report is intended for the management of the Corporation, other agencies granting funds to the Corporation and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Luffey, Huffman + Monroe

Monroe, Louisiana
April 16, 1996

LUFFEY, HUFFMAN & MONROE
Certified Public Accountants
P.O. BOX 4745 1100 NORTH 18TH STREET
MONROE, LOUISIANA 71211-4745

TELEPHONE (318) 387-2672
FAX (318) 322-8866

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ouachita Enterprise Corporation
Monroe, Louisiana

We have audited the financial statements of **Ouachita Enterprise Corporation** (the Corporation) as of and for the years ended December 31, 1995 and 1994, and have issued our report thereon dated April 16, 1996.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the Corporation is the responsibility of the Corporation's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Corporation's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in statues, regulations, contracts, or grants, that cause us to conclude that the aggregation of misstatements resulting from those failures or violations is material to the financial statements. The results of our tests of compliance disclosed the following material instance of noncompliance.

Payroll Taxes

Finding

We noted several payroll tax returns were not filed in accordance with statutory requirements. Additionally, required deposits of payroll tax withholdings were frequently insufficient in amount or were made after the required date. The Corporation began processing its payroll internally in 1995, and this finding appears to be the result of accounting personnel not having a complete understanding of payroll tax requirements.

Recommendation

Management should provide the necessary training to personnel responsible for filing payroll tax returns and depositing payroll tax withholdings and should provide greater supervision to ensure that statutory requirements are being met on a timely basis. If this is not deemed feasible, we recommend outsourcing these responsibilities to a capable third party.

Response

Management has determined the most effective method to ensure compliance with statutory requirements requires outsourcing its accounting function, including preparing payroll tax returns. The services of Luffey, Huffman, and Monroe, Certified Public Accountants, have been retained for this purpose beginning April, 1996.

* * * * * *

We considered this material instance of noncompliance in forming our opinion on whether the Corporation's financial statements as of and for the years ended December 31, 1995 and 1994, are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated April 16, 1995, on those financial statements.

This report is intended for the management of the Corporation, other agencies granting funds to the Corporation, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Luffey, Huffman & Monroe

Monroe, Louisiana
April 16, 1996